

Message Text

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TO AMEMBASSY BONN IMMEDIATE

INFO USMISSION GENEVA IMMEDIATE

C O N F I D E N T I A L STATE 162633

EXDIS; DELIVER AMB. OWEN OPENING BUSINESS TUESDAY

E.O. 11652: GDS

TAGS: ETRA, MTN

SUBJECT: DRAFT SUMMIT DECLARATION ON THE MTN

GENEVA FOR AMBASSADOR WOLFF AND AMBASSADOR MACDONALD

1. AS PER YOUR CONVERSATION WITH AMBASSADOR WOLFF,
SUGGEST YOU FLOAT THE FOLLOWING DRAFT DECLARATION ON THE
MTN WITH YOUR COLLEAGUES AT THE PREPARATORY SESSION.

2. DRAFT DECLARATION AS FOLLOWS:

BEGIN TEXT

WE WELCOME THE REPORT OF OUR MINISTERS THAT THEY HAVE
ACHIEVED AGREEMENT ON A COMPREHENSIVE MTN PACKAGE. THIS
ACHIEVEMENT WILL SIGNIFICANTLY EXPAND THE SCOPE FOR
INTERNATIONAL COOPERATION ON ISSUES AFFECTING WORLD TRADE
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AND WILL ASSURE THE CONTINUED LIBERALIZATION OF WORLD
TRADE OVER THE COMING DECADE.
THIS IS THE FIRST TRADE NEGOTIATION TO HAVE ADDRESSED
SERIOUSLY NON-TARIFF PROBLEMS. THE NON-TARIFF AGREEMENTS
WE HAVE REACHED WILL GIVE US THE TOOLS FOR MANAGING OUR
TRADE RELATIONS FOR YEARS TO COME. EXPANDED CONSULTATION
ON POLICY MEASURES AFFECTING TRADE WILL ENABLE US TO

MINIMIZE DISTORTIONS THAT REDUCE THE ECONOMIC BENEFITS OF TRADE. IMPROVED RULES AND PROCEDURES IN THE GATT WILL ENABLE US TO RESOLVE FRICTIONS THAT FEED PROTECTIONISM.

IMPLEMENTATION OF THESE AGREEMENTS WILL ALSO ENHANCE OUR INDIVIDUAL NATIONAL EFFORTS TO ACHIEVE GREATER ECONOMIC EFFICIENCY AND SUSTAINED ECONOMIC GROWTH. WE ASPIRE TO MANY OF THE SAME SOCIAL GOALS. WE ALL FACE THE NEED OF DEVISING POLICY MEASURES THAT WILL MINIMIZE THE COSTS OF ACHIEVING THESE GOALS. THE GUIDELINES AND PROCEDURES THAT HAVE BEEN PROPOSED IN THE NEW AGREEMENTS WILL SUPPORT THAT OBJECTIVE.

THE CODE ON STANDARDS WILL HELP OUR GOVERNMENTS MINIMIZE DISTORTIONS OF TRADE AND DOMESTIC ECONOMIC COSTS OF HEALTH, SAFETY AND ENVIRONMENT STANDARDS. THE MTN PACKAGE ALSO INCLUDES A CODE ON SUBSIDIES AND OFFSETTING MEASURES THAT WILL HELP US TO AVOID TRADE DISTORTIONS ARISING FROM EXCESSIVE USE OF SUBSIDIES. THE PROVISIONS OF THE CODE - A TIGHTENED PROHIBITION ON THE USE OF INDUSTRIAL EXPORT SUBSIDIES, IMPROVED DISCIPLINE ON AGRICULTURAL EXPORT SUBSIDIES, AND GUIDELINES FOR DOMESTIC SUBSIDIES - WILL ASSIST EACH OF OUR COUNTRIES TO AVOID THE WASTEFUL BUDGET EXPENDITURES AND ECONOMIC INEFFICIENCY RESULTING FROM COMPETITIVE

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SUBSIDIZATION. THE CODE WILL ALSO ESTABLISH GUIDELINES AND PROCEDURES FOR THE USE OF OFFSETTING MEASURES, TO ASSURE THAT THEY ARE NOT ABUSED.

THE GOVERNMENT PROCUREMENT CODE, WILL ENSURE THAT GOVERNMENT PURCHASING IS DONE ON AN INTERNATIONALLY COMPETITIVE BASIS. DISCRIMINATORY PROCUREMENT POLICY IS AN INEFFICIENT TOOL FOR ACHIEVING SOCIAL POLICY.

EACH OF OUR COUNTRIES HAS A BUDGETARY INTEREST IN THE ECONOMICAL PROCUREMENT OF GOODS FOR PUBLIC USE.

THE SAFEGUARD CODE, WILL PROVIDE NEW RULES FOR MODERATING IMPORT GROWTH WHEN IT CREATES DOMESTIC INJURY, WHILE AT THE SAME TIME ASSURING THAT SUCH ACTIONS ARE EQUITABLE TO OTHERS AND JUSTIFIABLE ON ECONOMIC GROUNDS.

THE MTN PACKAGE ALSO INCLUDES AGREEMENTS TO FACILITATE A HIGHER LEVEL OF INTERNATIONAL COOPERATION ON ISSUES CONCERNING AGRICULTURAL TRADE. GENERAL UNDERSTANDINGS ON AGRICULTURE, AS WELL AS SPECIFIC AGREEMENTS ON WHEAT, COARSE GRAINS, MEAT AND DAIRY, WILL HELP US TO DEAL WITH NATIONAL CONCERNS IN THESE AREAS, WHILE PROVIDING

A BASIS FOR EXPANDING THE ECONOMIC BENEFITS DERIVED

FROM GROWING AGRICULTURAL TRADE.

THESE NON-TARIFF AGREEMENTS, ALONG WITH A NEW CUSTOMS VALUATION CODE, A LICENSING CODE, AN IMPROVED PROCESS FOR SETTling DISPUTES, AND IMPROVED GUIDELINES FOR THE USE OF EXPORT RESTRICTIONS WILL SIGNIFICANTLY EXPAND AND STRENGTHEN THE ROLE OF THE GATT.

WITH THESE RESULTS WE WILL BE IN A BETTER POSITION TO SOLVE OUR ECONOMIC PROBLEMS AND TO PURSUE OUR NATIONAL GOALS, WHILE MAINTAINING THE OPENNESS OF OUR ECONOMIES.

THE IMPROVEMENTS IN THE TRADING SYSTEM THAT HAVE BEEN AGREED GIVE US A SOLID BASIS FOR CONTINUING THE LIBERALIZATION OF INDUSTRIAL AS WELL AS AGRICULTURAL TRADE BARRIERS. WE STRONGLY ENDORSE THE OFFER MADE BY OUR CONFIDENTIAL

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NEGOTIATORS TO MAKE PHASED REDUCTIONS IN TARIFFS AND SPECIFIC NON-TARIFF BARRIERS OVER THE NEXT EIGHT YEARS. IMPLEMENTATION OF THESE OFFERS WILL CONTRIBUTE TO OUR CURRENT EFFORTS TO IMPROVE ECONOMIC EFFICIENCY AND TO STIMULATE ECONOMIC GROWTH.

THE MTN PACKAGE IN ITS CURRENT FORM PROVIDES REAL BENEFITS TO DEVELOPING COUNTRIES, ESPECIALLY TO THE ADVANCED DEVELOPING COUNTRIES. IT RESPONDS TO THE GENUINE NEEDS OF THESE COUNTRIES FOR EXPANDED TRADE OPPORTUNITIES AND FOR SPECIAL CONSIDERATION CONSISTENT WITH THEIR DEVELOPMENT NEEDS. THESE COUNTRIES, IN TURN, HAVE CONTRIBUTED TO THE NEGOTIATIONS AND HAVE AGREED TO ACCEPT THE OBLIGATIONS OF THE TRADING SYSTEM OVER TIME. WE REMAIN PREPARED TO CONTINUE OUR DIALOGUE WITH THEM OVER THE COMING MONTHS TO ARRIVE AT A MUTUALLY SATISFACTORY OUTCOME.

END TEXT OF DRAFT DECLARATION.

3. SUGGEST YOU ALSO EXPLORE WITH OTHER REPS POSSIBLE ELABORATION OF GENERAL PRINCIPLES USEFUL TO THE FUTURE TRADING SYSTEM.

A. COUNTRIES AGREE NOT TO SHIFT THE BURDEN OF THEIR SOCIAL PROGRAMS TO OTHERS.

B. COUNTRIES AGREE NOT TO LOCK RESOURCES INTO INEFFICIENT USES.

C. COUNTRIES AGREE TO PURSUE DOMESTIC SOCIAL POLICIES IN A MANNER THAT WILL MINIMIZE DISTORTION OF TRADE.

D. COUNTRIES AGREE NOT TO TAKE MAJOR ACTIONS AFFECTING TRADE WITHOUT CONSULTING OTHERS. VANCE

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